GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:405
ANSWERED ON:18.12.2000
GAP BETWEEN PRICES OF INDUSTRIAL AND AGRICULTURAL PRODUCTS
A. VENKATESH NAIK;RAMSHETH THAKUR

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the condition of farmers in the country has become worse due to wide gap between the prices of industrial and agricultural products;

(b) if so, the details thereof;

(c) whether the Government have formulated any policy to check price rise in agricultural implements;

(d) if so, the details thereof; and

(e) the steps taken or proposed to be taken to improve the condition of farmers in the country?

Answer

MINISTER OF AGRICULTURE (SHRI NITISH KUMAR)

(a) to (e): A Statement is laid on the Table of the Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF STARRED QUESTION NO.405 TO BE ANSWERED ON 18T DECEMBER, 2000 IN THE LOK SABHA.

(a)&(b): The Government is compiling an Index of Terms of Trade between Agricultural and Non-agricultural Sectors based on the methodology recommended by the Task Force on Terms of Trade. This Index measures the relative change in the prices received by the farmers for the produce sold by them in relation to the change in prices paid by them for the commodities purchased for final consumption, intermediate consumption and capital formation. The terms of trade have been favourable to Agriculture as indicated by the index of terms of trade since 1990 − 91 in the table below:

(Base: Triennium Ending 1990-91 = 100)
Year

1990-91 101.9 1991-92 105.6 1992-93 103.9 1993-94 103.6 1994-95 106.6 1995-96 105.3 1996-97 103.6 1997-98 105.5

(Latest Available) Index

(c)&(d): There is no administrative price control on the sale of agricultural implements in the country. The small scale units engaged in the manufacture of agricultural implements enjoy the exemption of complete excise duty upto a value of Rs. 100 lakhs. The Government is also providing subsidies on plant protection equipment, power driven implements, sprinkler sets, drip irrigation system, diesel pump sets etc. under various crop production programmes. These measures are expected to lower the prices of agricultural implements purchased by the farmers. But since there is no price control on the raw material specially steel, which are used in the manufacture of agricultural implements, the price of agricultural implements may fluctuate depending on the revision in prices of the raw materials by the primary producers from time to time.

(e): To improve the condition of farmers, the Government is implementing various crop production programmes and ensuring remunerative prices for their produce by actively pursuing the agricultural price policy under which minimum support prices of 24 crops are announced. Besides, the Government is also implementing market intervention scheme for some crops as and when such exigency arises. Further, the Government makes use of various instruments of trade to protect the interest of farmers.

To have a comprehensive review of the condition of farmers, the Government is embarking on a major study on the subject. The terms of trade between agricultural and non-agricultural sectors is a major thrust area to be covered in this study. The results of this study will help the Government in bringing about refinement / improvement in the policies pursued for the benefit of farmers in the long run.